

Capital Assets Policy

Objective

To provide control and accountability of capital assets and to gather and maintain information needed for the preparation of annual financial reports.

Policy

All capital assets meeting the set threshold will be reported in the town's financial system.

Procedures

Capital Asset Definitions and Guidelines

Capital assets are tangible and intangible assets acquired for use in operations that will benefit more than a single fiscal period.

The town of Lebanon has set a threshold of \$5,000 for tracking capital assets. Only assets with a value of at least \$5,000 or projects which consist of individual items of less than \$5,000 but whose accumulated project value is greater than \$5,000 will be tracked in the financial system

Asset Type

Assets purchased, constructed or donated that meet or exceed the capitalization threshold of \$5,000, will be classified, utilizing the following asset type structure:

- Land/Land Improvements - Land associated with infrastructure will be reported as land rather than as part of the cost of the related infrastructure asset.
- Buildings/Building Improvements
- Equipment/Furniture/Fixtures
- Vehicles
- Infrastructure/Infrastructure Improvements
- Construction-in-Progress
- Works of Art/Historical Treasures
- Intangible Assets (computer software, easements, land use rights)

Capital Asset Acquisition Cost

Capital assets will be recorded and reported at their total cost of acquisition, including ancillary charges, such as freight and transportation charges, site preparation costs and professional fees.

Appraisal of Assets (Gifts and Donations) – Donated property will be recorded at its estimated fair market value on the date of acquisition, using a reasonable market study. This method will be fully documented and maintained on file to support the value.

Shared Fixed Assets

Shared fixed assets among multiple towns will be accounted for by the town that has actual title to a shared fixed asset and they will record the asset in their fixed asset inventory.

Annual Inventory

The Town of Lebanon will maintain and keep current a master capital asset file which is comprised of an inventory listing of capital assets. The inventory listing will be the basis for performing an annual inventory audit.

Reporting

The BOF will receive a report of fixed assets as of June 30th of each fiscal year from the Finance Office no later than October 1st each year.